

# ***The sharp improvement in income distribution in Brazil***

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OECD Forum on Tackling Inequality

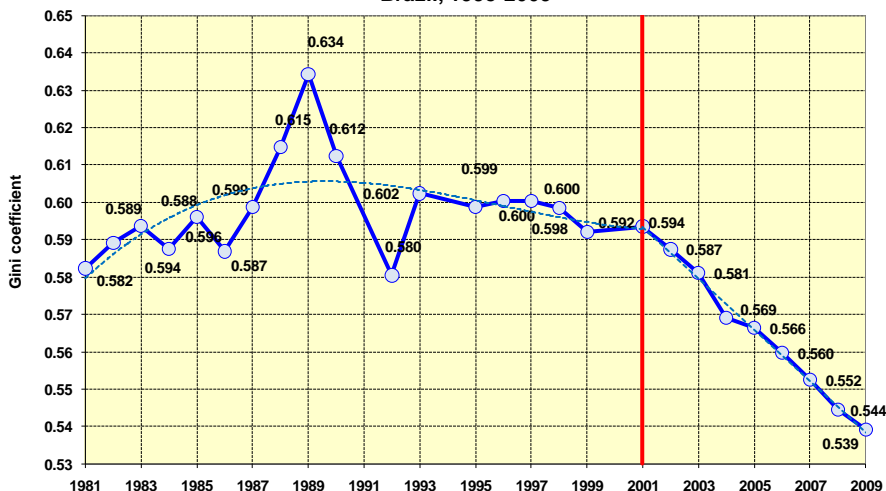
Paris, May 2011

[www.oecd.org/social/ministerial](http://www.oecd.org/social/ministerial)

## ***1. The magnitude of the decline in Brazilian inequality***

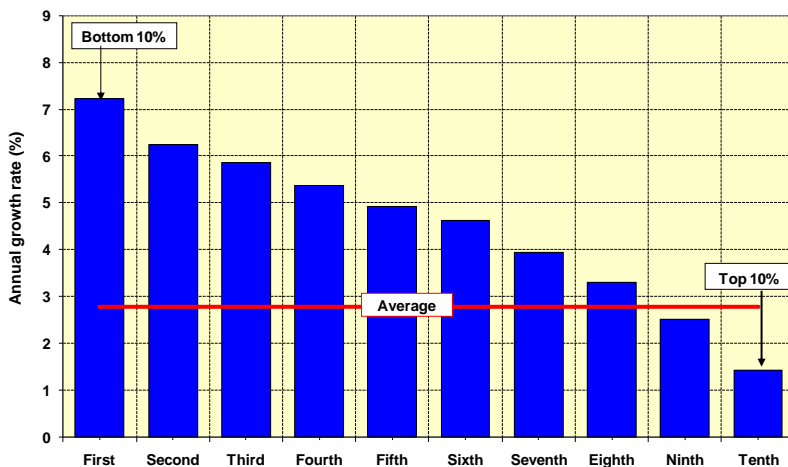
## Brazil experienced a sharp and continuous decline in inequality

Evolution of the degree of inequality in per capita income:  
Brazil, 1995-2009



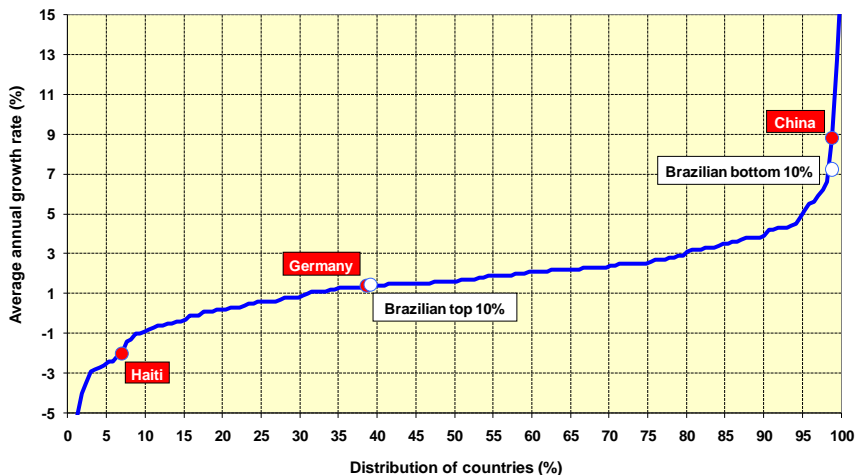
## As a consequence, the growth rate among the poorest 10% was almost five times greater than among the richest 10%

Average annual growth rate in per capita income by tenths of the distribution: Brazil, 2001-2009



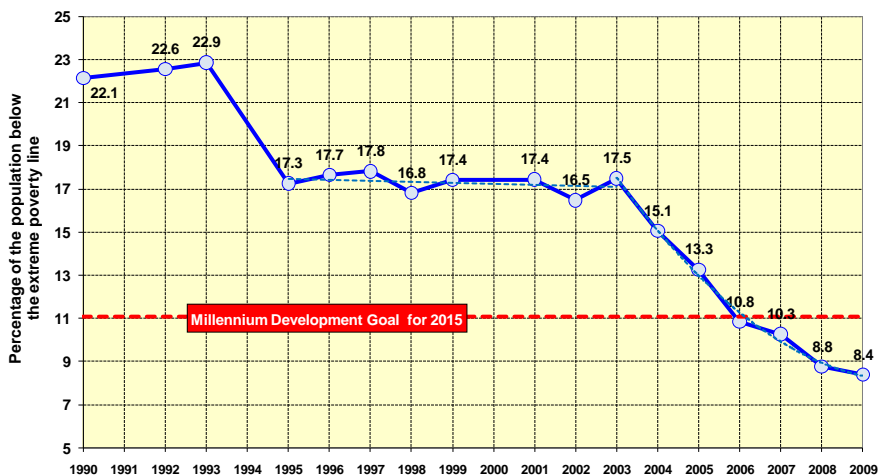
**While per capita income of the Brazilian poorest 10% was growing like the average Chinese, among the Brazilian richest 10%, per capita income was growing like Germany**

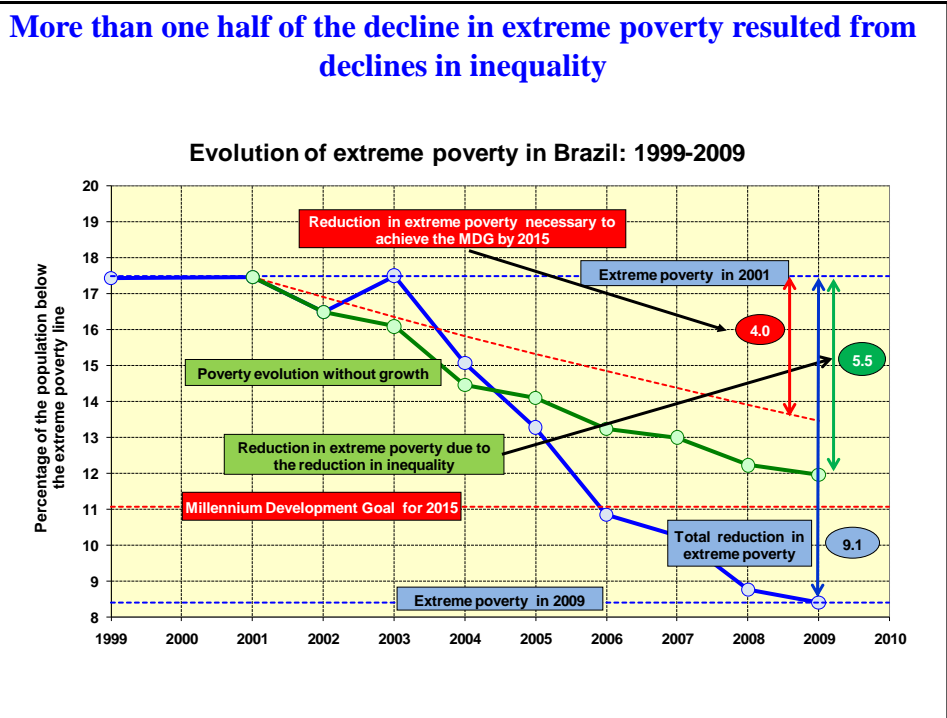
**Distribution of countries according to the average per capita GDP growth rate between 1990 and 2005**



**Brazil reached the First Millennium Development Goal almost ten years ahead of time (2006 instead of 2015)**

**Evolution of extreme poverty rate in Brazil: 1990-2009**

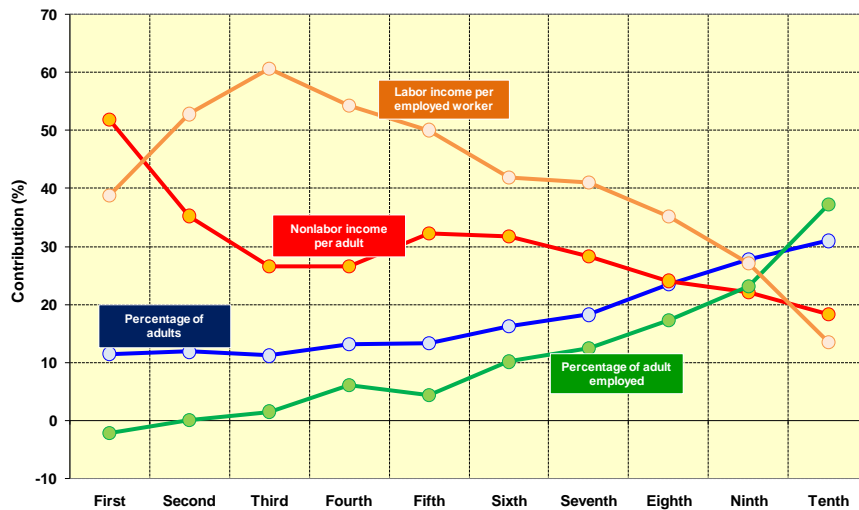




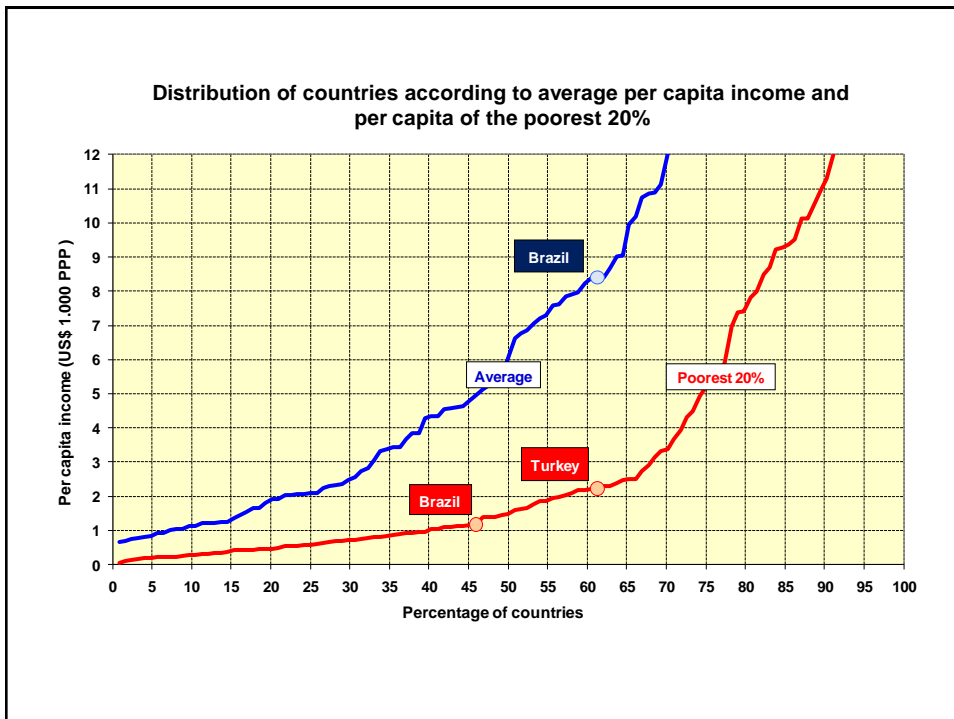
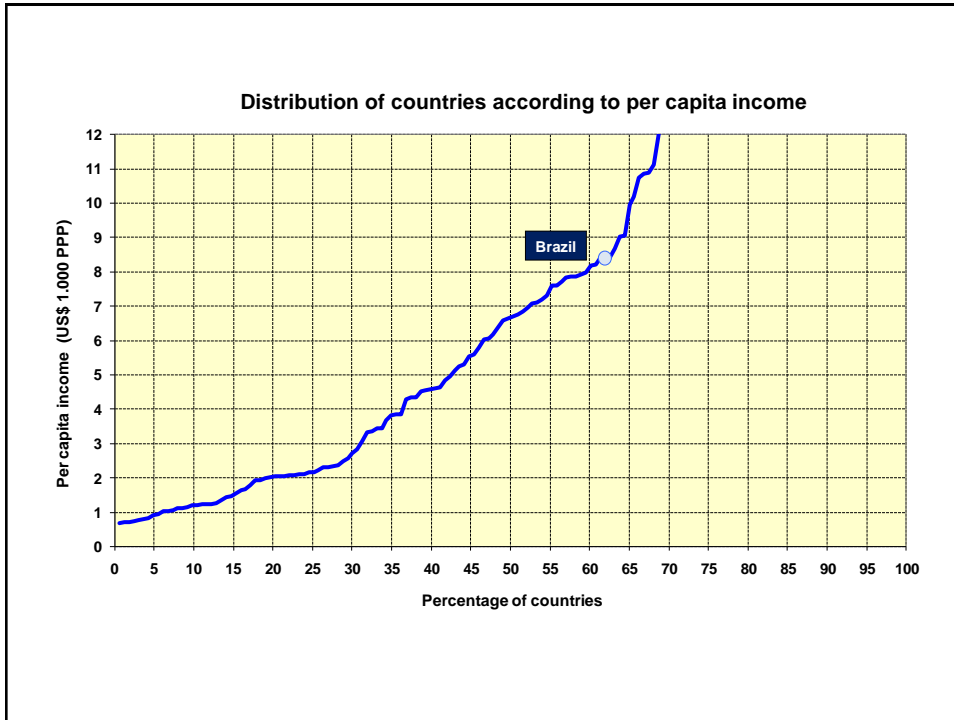
## 2. Immediate Determinants

**Both public transfers and improvements in labor market outcomes are responsible for the sharp and continuous reductions in poverty and inequality in Brazil**

Per capita income immediate determinants contributions for growth by tenths of the distribution: Brazil, 2001-2009



### ***3. The need for continuity***



**Time necessary for Brazil to align with other countries  
with similar levels of development in terms of income  
inequality**

<b>Brazilian growth rates (2001-08)</b>	
Average (% per year)	<b>2.8</b>
Bottom 20% (% per year)	<b>7.0</b>
Differential (% per year)	<b>4.0</b>
<b>Per capita income of the bottom 20%</b>	
Brazil (US\$ 1,000)	<b>1.04</b>
Turkey (US\$ 1,000)	<b>1.89</b>
Differential (%)	<b>82</b>
<b>Time necessary for Brazil to eliminate the differential (years)</b>	<b>15</b>